

AUDITING PROCEDURES REPORT

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Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <i>Township of Greenbush</i>	County <i>Clinton</i>
Audit Date <i>March 31, 2004</i>	Opinion Date <i>May 10, 2004</i>	Date Accountant Report Submitted to State: <i>July 21, 2004</i>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☒ yes ☐ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) <i>Layton & Richardson PC</i>			
Street Address <i>1000 Boarding Road</i>	City <i>East Lansing</i>	State <i>MI</i>	ZIP <i>48823</i>
Accountant Signature <i>William D. Crouch</i>			

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TOWNSHIP OF GREENBUSH, MICHIGAN

TOWNSHIP BOARD

2003-2004

Gary Hyde	Supervisor
Betty Pettigrew	Clerk
Michael Schneider	Treasurer
William Dershem	Trustee
Dan Jorae	Trustee



Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Township Board
Township of Greenbush
Clinton County, Michigan

We have audited the general purpose financial statements of THE TOWNSHIP OF GREENBUSH, MICHIGAN as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, including U.S. generally accepted auditing standards as set forth by the U.S. General Accounting Office in Government Auditing Standards - Standards for Audit of Governmental Organizations, Programs, Activities and Functions. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Greenbush, Michigan as of March 31, 2004, and the results of its operations for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated May 10, 2004 on our consideration of the Township of Greenbush, Michigan's internal control structure, and a report dated May 10, 2004 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund statements and other supplementary information listed in the table of contents are presented for purposes of additional analysis, and are not a required part of the general purpose financial statements of the Township of Greenbush, Michigan. The information has been subjected to the auditing procedures applied in the audits of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Layton & Richardson, P.C.
Certified Public Accountants

East Lansing, Michigan
May 10, 2004

COMBINED STATEMENTS - OVERVIEW

The Combined Statements provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow.

TOWNSHIP OF GREENBUSH, MICHIGAN
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>	<u>ACCOUNT GROUP</u>	TOTAL MEMORANDUM ONLY
	GENERAL	GENERAL FIXED ASSETS	
ASSETS			
Cash in bank	\$ 201,458	\$	\$ 201,458
Due from state	19,415		19,415
Due from other fund	5		
Fixed assets		51,705	51,705
TOTAL ASSETS	<u>\$ 220,878</u>	<u>\$ 51,705</u>	<u>\$ 272,583</u>
LIABILITIES			
Accounts payable	<u>\$ 1,314</u>		<u>\$ 1,314</u>
FUND EQUITY			
Fund balance	<u>(219,564)</u>	51,705	
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ (220,878)</u>	<u>\$ 51,705</u>	<u>\$ 272,583</u>

See accompanying notes to financial statements.

TOWNSHIP OF GREENBUSH, MICHIGAN
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL
REVENUES	
Property tax levy	\$ 52,495
Administrative fee	12,211
State grants	145,412
Charges for services	3,522
Interest earnings	1,422
Fire donations	10,339
Miscellaneous and other income	68
TOTAL REVENUES	<u>225,469</u>
EXPENDITURES	
Legislative	1,922
General services	73,095
Public safety	83,342
Public works	81,296
Health and welfare	5,288
Library and culture	2,115
TOTAL EXPENDITURES	<u>247,058</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(21,589)
FUND BALANCE, APRIL 1	<u>241,153</u>
FUND BALANCE, MARCH 31	<u><u>\$ 219,564</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF GREENBUSH, MICHIGAN
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Property tax levy	\$ 48,500	\$ 52,495	\$ 3,995
Administrative fee	12,000	12,211	211
State grants	155,000	145,412	(9,588)
Charges for services	3,500	3,522	22
Interest earnings	2,000	1,422	(578)
Fire donations	10,000	10,339	339
Miscellaneous and other income		68	68
TOTAL REVENUES	<u>231,000</u>	<u>225,469</u>	<u>456,469</u>
EXPENDITURES			
Legislative	2,200	1,922	278
General services	77,075	73,095	3,980
Public safety	84,500	83,342	1,158
Public works	118,547	80,086	38,461
Health and welfare	6,498	6,498	
Library and culture	2,115	2,115	
TOTAL EXPENDITURES	<u>290,935</u>	<u>247,058</u>	<u>43,877</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(59,935)	(21,589)	38,346
FUND BALANCE, APRIL 1	<u>241,153</u>	<u>241,153</u>	
FUND BALANCE, MARCH 31	<u>\$ 181,218</u>	<u>\$ 219,564</u>	<u>\$ 38,346</u>

See accompanying notes to financial statements.

TOWNSHIP OF GREENBUSH, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Greenbush is located in Clinton County, Michigan and operates under an elected township board. The Township provides general government operations.

The accounting policies of the Township of Greenbush conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. The Reporting Entity

As required by U.S. generally accepted accounting principals, the financial statements of the entity include only those of the Township of Greenbush.

B. Accounting Structure

The accounts of the Township are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operation of each fund is accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses. The following funds and account groups are used to account for the activities of the Township:

GOVERNMENTAL FUND TYPES

General Fund

This fund is used to account for all financial resources except those required to be accounted for in another fund. Revenues of this fund are primarily derived from general property taxes, fees for services, interest and state and federal distributions.

FIDUCIARY FUND TYPES

Trust and Agency Funds

Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

ACCOUNT GROUP

General Fixed Assets Account Group

This account group is used to record the fixed assets of the local unit utilized in its general operations (nonproprietary fixed assets).

TOWNSHIP OF GREENBUSH, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
MARCH 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Regardless of the measurement focus applied, basis of accounting relates to the timing of the measurements made.

All Governmental Funds are accounted for using a current financial resources measurement focus. Only current assets and liabilities are generally included on the balance sheet. Operating statements for these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets. The modified accrual basis of accounting is used for all Governmental Funds and Agency Funds. Their revenues are recognized when they become measurable and available as net current assets.

“Measurable” means the amount of the transaction can be determined. “Available” is defined as being collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues susceptible to accrual include property taxes, interest earnings, reimbursement-type grants, and reimbursements for use of materials or services. Property tax revenues are recognized when they are levied.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include accumulated unpaid sick pay and principal and interest on general long-term debt which is recognized when due.

The Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency Funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

D. Budgetary Accounting Controls

The General fund is subject to cash basis budgetary control. Formal budgets are adopted (as required by law) and budgetary transfers, additional appropriations from additional revenues received or from unexpended funds appropriated but not spent in prior years, etc., are made as and when required. Under the Township’s budget procedures, amounts appropriated by functional classification as revenue and expenditures of the General fund include interfund transfers. Since such transfers represent internal transactions within the Township government, they are reported separately in the financial statements of the various funds. Budgets lapse at the end of the fiscal year.

TOWNSHIP OF GREENBUSH, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Continued
MARCH 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Receivables

Receivables have been recognized for all significant amounts due the Township. No allowances have been made for non-collectable accounts because most delinquent receivables can be added to the tax roll if they remain unpaid and become a lien against the property.

F. Cash and Cash Equivalents

For purposes of the statements of cash flows, the fiduciary funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

G. Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized along with other general fixed assets as these assets are immovable and of value only to governments. General fixed assets are not depreciated.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are recorded at their estimated fair market value on the date of donation.

The General Fixed Assets Account Group is not a "fund." The Group only measures financial position. The Group does not measure the results of operations.

H. Property Tax Revenue

Properties are assessed as of December 31, and the related taxes become a lien on July 1 of the following year. These taxes are due on August 31, with a final collection date of February 28 before they are returned to the County as delinquent.

I. Total Columns on the Combined Statements - Overview

The total columns on the Combined Statements - Overview is captioned "Memorandum Only," to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or cash flows in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF GREENBUSH, MICHIGAN
NOTES TO FINANCIAL STATEMENTS - Concluded
MARCH 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Concluded

J. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: CASH AND CASH EQUIVALENTS

	PER BOOKS	PER BANK	FDIC INSURED
Cash and cash equivalents	\$ <u>201,458</u>	\$ <u>201,320</u>	\$ <u>200,000</u>

NOTE 3: CHANGES IN GENERAL FIXED ASSETS

	BALANCE, APRIL 1	ADDITIONS	DELETIONS	BALANCE, MARCH 31
Land and buildings	\$ 20,275	\$	\$	\$ 20,275
Furniture and equipment	<u>31,430</u>	<u> </u>	<u> </u>	<u>31,430</u>
TOTALS	\$ <u>51,705</u>	\$ <u> </u>	\$ <u> </u>	\$ <u>51,705</u>

GENERAL FUND

The General Fund is used to account for resources traditionally associated with local government, and any other activity for which a special fund has not been created.

TOWNSHIP OF GREENBUSH, MICHIGAN
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Property tax levy	\$ 48,500	\$ 52,495	\$ 3,995
Administrative fee	12,000	12,211	211
State grants	155,000	145,412	(9,588)
Charges for services	3,500	3,522	22
Interest earnings	2,000	1,422	(578)
Fire donations	10,000	10,339	339
Miscellaneous and other income		68	68
TOTAL REVENUES	<u>231,000</u>	<u>225,469</u>	<u>(5,531)</u>
EXPENDITURES			
Legislative			
Township Board	<u>2,200</u>	<u>1,922</u>	<u>278</u>
Total Legislative	<u>2,200</u>	<u>1,922</u>	<u>278</u>
General services			
Supervisor	12,695	12,469	226
Elections	1,000	182	818
Legal	500	214	286
Clerk	11,443	11,317	126
Board of review	500	989	(489)
Assessor	10,096	10,269	(173)
Treasurer	11,643	12,140	(497)
Cemetery	5,500	5,500	
Hall and grounds	21,085	17,402	3,683
Deputies	<u>2,613</u>	<u>2,613</u>	
Total General Services	<u>77,075</u>	<u>73,095</u>	<u>3,980</u>
Public safety			
Police	2,500	2,500	
Fire	<u>82,000</u>	<u>80,842</u>	<u>1,158</u>
Total Public safety	<u>84,500</u>	<u>83,342</u>	<u>1,158</u>
Public works			
Drain at large	10,047	10,047	
Refuse disposal	500	500	
Highways and streets	<u>108,000</u>	<u>69,539</u>	<u>38,461</u>
Total Public works	<u>118,547</u>	<u>80,086</u>	<u>38,461</u>

TOWNSHIP OF GREENBUSH, MICHIGAN
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - Concluded
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES - Concluded			
Health and welfare			
Ambulance	\$ 5,288	\$ 5,288	\$
Meals on wheels	1,210	1,210	
Total Health and welfare	6,498	6,498	
Library and culture			
Library	2,115	2,115	
TOTAL EXPENDITURES	290,935	247,058	43,877
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(59,935)	(21,589)	38,346
FUND BALANCE, APRIL 1	241,153	241,153	
FUND BALANCE, MARCH 31	\$ 181,218	\$ 219,564	\$ 38,346

FIDUCIARY FUNDS

Fiduciary Funds are established to administer resources received and held by a governmental unit as the trustee or as the agent for others. Use of these funds facilitates the discharge of responsibilities placed upon the governmental unit by virtue of law or other similar authority.

TOWNSHIP OF GREENBUSH
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE, APRIL 1	ADDITIONS	DEDUCTIONS	BALANCE, MARCH 31
ASSETS				
Cash in bank	\$ <u> </u>	\$ <u>1,063,722</u>	\$ <u>1,061,367</u>	\$ <u>2,355</u>
LIABILITIES				
Due to other funds	\$	\$ 58,978	\$ 58,973	\$ 5
Due to county		335,746	333,396	2,350
Due to schools		<u>668,998</u>	<u>668,998</u>	
TOTAL LIABILITIES	\$ <u> </u>	\$ <u>1,063,722</u>	\$ <u>1,061,367</u>	\$ <u>2,355</u>

Layton & Richardson, P.C.

Certified Public Accountants

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Township Board
Township of Greenbush
Clinton County, Michigan

We have audited the general purpose financial statements of the Township of Greenbush, Michigan, as of and for the year ended March 31, 2004 and have issued our report thereon dated May 10, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Greenbush Township's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Greenbush Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the Township Board, management, and State and Federal Agencies. However, this report is a matter of public record and its distribution is not limited.


Certified Public Accountant

East Lansing, Michigan
May 10, 2004

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AUDITORS' LETTER OF COMMENTS AND RECOMMENDATIONS

Township Board
Township of Greenbush
Clinton County, Michigan

We have audited the general purpose financial statements of the Township of Greenbush for the year ended March 31, 2004, and have issued our report on those statements. As part of the audit process, we tested and evaluated the system of internal accounting control and the procedures used to record the financial transactions of the Township of Greenbush. These tests and evaluations are important to the audit process because they serve as the basis for our opinion on the reliability and accuracy of the financial statements.

The management of the Township of Greenbush is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

Our study and evaluation of the internal accounting control system would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the Township of Greenbush.

CURRENT YEAR RECOMMENDATIONS

MINUTES

We noted during our audit the minutes state that the bills are approved each month. We recommend that the minutes include the total amount of bills approved. The Supervisor or Trustee should also date and initial the approved list.

CURRENT YEAR RECOMMENDATIONS - Concluded

INVESTMENT POLICY

During the audit, we noted that the Township of Greenbush has not adopted an investment policy as required by the state of Michigan. We recommend that the Township adopt an investment policy to comply with state law.

We noted during the audit that the cash held in the bank was in excess of FDIC insured amounts. We recommend monitoring bank balances and taking appropriate actions to maintain bank balances at or below FDIC insured amounts.

We are grateful to the Township employees for the assistance and cooperation we received during the audit and we thank them.


Certified Public Accountants

East Lansing, Michigan
May 10, 2004